

UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON 25, D.C.

ADDRESS REPLY TO  
"U.S. CIVIL SERVICE COMMISSION"  
AND REFER TO

FILE RH:HEH:jf

AND DATE OF THIS LETTER STAT

October 26, 1960

STAT

[redacted] President  
Government Employees Health  
Association, Inc.  
P. O. Box 463  
Washington 4, D. C.

*copy to JST  
1 - copy to JST  
1 - copy to JST  
10/31/60*

Dear Sir:

In furtherance of our desire to cooperate with all carriers in the administration of their contract under the Federal Employees Health Benefits Program, we have incorporated a new feature in the reporting of subscription charges.

The payment made to you from the Federal Employees Health Benefits Fund on October 25, 1960 covering subscription charges due you on that date, was broken down on SF 1166a into two amounts for each enrollment code. The subscription charges applicable to pay periods having ending dates of September 30, 1960 or prior were shown separately from subscription charges applicable to pay periods having ending dates on October 1, 1960 and after. This same presentation will be continued with the check to you dated November 10, 1960. If by chance there should be any subscription charges applicable to pay periods ending September 30, 1960 or prior in our check dated November 25, 1960, we will continue the same type of presentation.

The pay period ending date was chosen as the breaking point for income accrual purposes. You are no doubt aware that there is generally a lag between the end of a pay period and the payment of a payroll which may be as long as fourteen days after the end of a pay period. Subscription charges are not due and payable to the Fund administered by the Commission until the day the payroll is paid to employees. Normal mailing time must be added before we can deposit the subscription charges to the credit of the Fund. Based on these operating procedures, there will be instances where the subscription charges for a pay period will of necessity be delayed until the second month following the quarter end.

We are not in a position to prepare this type of information for all month ends; we will furnish this breakdown for the following dates:

During October and November 1960 as of September 30, 1960  
During January and February 1961 as of December 31, 1960  
During April and May 1961 as of March 31, 1961  
During July and August 1961 as of June 30, 1961  
During November and December 1961 as of October 31, 1961

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This manner of presenting the cash receipts to your plan is for your convenience in adjusting your subscription charge accruals to the actual subscription charges receivable as of a particular accounting period. Adjustment can thus be made for those accrued subscription charges which will not be collected because of non-pay status. Of course no accrual of subscription charges for terminated enrollments should be included in your accounts during the 31-day extension of coverage for conversion purposes.

It was agreed in our contract that you would furnish upon request such reasonable financial reports with respect to operations under the contract as are necessary for the Commission's administration of the program. We have reviewed our requirements for the first contract period and now request that you submit cumulative reports on the financial status of the first contract year program as of the following dates:

| <u>As of Date of Report</u> | <u>Period to be Covered</u> | <u>Due in CSC</u><br><u>Washington, D. C.</u> |
|-----------------------------|-----------------------------|---|
| December 31, 1960           | 6 months                    | March 1, 1961                                 |
| March 31, 1961              | 9 months                    | June 1, 1961                                  |
| June 30, 1961               | 12 months                   | September 1, 1961                             |
| October 31, 1961            | 16 months                   | No later than<br>February 1, 1962             |

The reports prior to the end of the contract period will generally follow the accounting and reporting requirements of the annual accounting statement. In the very near future a statement format with explanatory notes will be furnished for your guidance. An explanation of a method of accruing subscription charges for reporting purposes using the information furnished on SF 1166a will also be included.

Please bring this letter to the attention of your controller or chief accountant. Any questions regarding the new subscription charge payment procedure and the schedule of interim reports will be gladly answered by Mr. Harold E. Hunsaker, Assistant to the Director, either by phone (DUDley 6-3391) or by correspondence.

Sincerely yours,

*Andrew E. Ruddock*

Andrew E. Ruddock  
Director

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